

State Dept. declassification & release instructions on file

October 21, 1966

Mr. William N. Morell, Jr.
Director, Research and Reports
Central Intelligence Agency

Dear Bill:

You are quite right in having thought that some of the projects which you mentioned as being afoot in ORR in your October 20 statement are of interest to the Department. If I may, I would like to assign a somewhat higher priority to some of them than to others. There are three general areas of FE Bureau activity where your research findings could be of great relevance and value. Specifically, these are Indonesia, Southeast Asia regional cooperation, and the current interplay of politics and economics in Mainland China.

I am delighted that we will soon see a study of Indonesia's economic prospects and another one on Indonesia's transportation problems. As you know, we are midstream in a complex and critical multilateral negotiation of Indonesia's debt/economic stabilization problems. Both the IMF and the IBRD have been enlisted to help Western creditor countries. There is a real possibility that the USSR will soon be involved. An authoritative current reading of Indonesia's performance and potentiality in the economic field could help United States negotiators in pressing the Government of Indonesia, international agencies we are working with, and other creditor countries for clarification of the economic realities upon which any kind of a good debt settlement must, of course, be based. We have a Delegation going to Paris on the third of November and another one some time during December. I hope that you can get into our hands all of your projects on Indonesia as soon as possible and supplement them as you see fit during the coming weeks.

Mr. Eugene Black is leading a small delegation through the Far East on October 26; he and the President understand his mission to be confined at this stage to listening to Asians talk

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about their ideas of how to move towards more effective cooperative arrangements. There is some danger that his errand will be counter-productive if nothing practical emerges from it. A promising Asian initiative to which we could make, perhaps, a useful contribution is a meeting of agricultural specialists in Tokyo, being hosted by the Government of Japan.

I would like very much to see you speed up work on your project in process on rice in the economies of Southeast Asia. The Japanese on their side are skittish about letting their meeting become an exercise in statistical virtuosity. They want to come to grips with grass roots problems. If, however, we can be helpful in contributing to a clear understanding of the nature of production and consumption patterns in the area, we may be in possession of something that would be relevant to the technological, economic and sociological aspects of the problem Japan will study.

Another real but less immediate possibility for useful work in contributing to Southeast Asia development process is to somehow give encouragement to the ECAFE work on transportation. Too much time has been devoted, I think, to the pleasant optics of Asian highways and not enough to the catalytic and multiplier effects of investments in transportation for individual national economies; in aggregate, these, of course, have much greater significance for the "region" than drawing road lines across national frontiers. Anything fresh and concrete on this would be appreciated.

The entire Far Eastern Bureau is obsessively interested in the Red Guards, who manipulates them, and what have been the successive targets of their hostility. Anything that you can contribute to our understanding of how the Red Guards fit into Communist China's power apparatus would be greatly valued here, especially as it might offer some insight into Communist China's economic capabilities and prospects.

I would like to say, in addition, that ORR's past contributions to FE operations have been invaluable. I am quite sure that we could not have carried forward our review of our China trade policy to a point which justified some recommendations to the Secretary without your generous and continuing collaboration. I have also put to good use contributions that you have made to our understanding of the Indonesian debt situation, and, in particular, of Indonesia's dependence upon the USSR for financing of its military apparatus.

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It is very good to know that we can on short notice turn to you for help and be sure that your disposition is to offer it rather than to find reasons not to. I hope that something like this relationship can be perpetuated for at least as long as I am around here.

Sincerely yours,

Robert W. Barnett
Deputy Assistant Secretary
for Far Eastern Affairs

cc: Mr. Helms
FE-Mr. Bundy